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REPORT OF THE ECONOMIC AND SOCIAL COUNCIL

Letter dated 8 April 1996 from the Permanent Representative of the Philippines to the United Nations addressed to the Secretary-General

I have the honour to transmit herewith the report of the Regional Conference on the Role of Public Administration in Promoting Economic Development in Asia (see annex).*

The Conference, which was held at Manila from 18 to 20 March 1996, was convened by the Division of Public Administration and Development Management of the Department for Development Support and Management Services of the United Nations Secretariat and co-sponsored by the Economic and Social Commission for Asia and the Pacific and the Commonwealth Secretariat. It was hosted by the Civil Service Commission of the Government of the Philippines as a contribution to the activities relating to the work of the General Assembly at its resumed session on public administration and development.

I should be grateful if you would have the text of the present letter and its annex circulated as a document of the General Assembly, under agenda item 12.

(Signed) Felipe MABILANGAN
Ambassador
Permanent Representative

* The annex is being circulated in the language of submission only.

ANNEX

Report of the Regional Conference on the Role of Public Administration in Promoting Economic Development in Asia

INTRODUCTION

1. In December 1994, the United Nations General Assembly adopted Resolution A/49/136 calling for a Resumed 50th Session in April 1996 to examine the question of Public Administration and Development. The Resolution recognized the important role that governments and public administration can play in addressing new responsibilities arising from the pursuit of sustained economic growth and sustainable development in all countries, including inter alia, developing basic infrastructural facilities, promoting social development, combating socio-economic disparities and poverty, preparing conditions for the private sector and protecting the environment. The resolution called for the General Assembly to exchange experiences, review the activities of the United Nations system in this field and make recommendations as appropriate.

2. In its preparation for the Resumed Session, the United Nations Department for Development Support and Management Services (UN/DDSMS) organized a series of activities, one of which was a regional meeting on the "Role of Public Administration in Promoting Economic Development in Asia" which was held at the Asian Development Bank in Manila from 18-20 March 1996.

3. The conference was hosted by the Civil Service Commission of the Philippines in cooperation with the University of the Philippines, College of Public Administration, Local Government Academy and Eastern Regional Organization for Public Administration (EROPA) and was co-sponsored by UNDDSMS, ESCAP and the Commonwealth Secretariat. Twenty countries from the Asia region were invited to the meeting and the following countries participated in the Conference: Bangladesh, Cambodia, Indonesia, Malaysia, Maldives, Mongolia, Pakistan, Philippines, Singapore and Thailand. The meeting was also attended by DDSMS, ESCAP, UNDP, ADB, EROPA, Commonwealth Secretariat, U.P. College of Public Administration and the Local Government Academy. In all, 57 participants attended the Conference.

4. Modernizing and reforming the administrative system has been an essential component of the economic and social transformation taking place in several Asian countries. Public administration reform is a sine qua non for development and has been adopted in varying degrees to smooth and facilitate economic development in three groups of Asian countries, namely: newly industrialized countries (e.g. South Korea, Malaysia), transitional economy countries (e.g. Vietnam, Kyrgyzstan) and other mixed-economy countries (e.g. India, Sri Lanka). Several common elements are at work in these sets of countries, including greater reliance on markets and increasing collaboration with global economies. Arising from the increased use of market-oriented structures and global integration is the challenge of redefining the role of the state and the consequent changing tasks of public administration. Most commonly, the State has redirected its role from one of direct involvement in production to the functions of development, regulation and maintenance of an enabling framework. This shift required considerable changes in State machinery including institutions, processes, personnel and promotion of new skills, capacity and orientation among public officials to the changing demands on public administration in this new environment.

5. This considerable agenda for public sector reform as tools for economic development needs to be investigated rigorously and was the focus of this Conference. The objectives of the Conference

were: (1) to analyze and understand the critical administrative dimensions and implications of economic development for Asian countries at varying degrees; (2) to compare relevant experiences of these countries in dealing with these challenges; and (3) to synthesize major issues and various experiences in administrative reform and develop practical recommendations.

6. Successful reform and sustained development require the formulation of sound policies, effective implementation, consultation and interface with the private sector and civil society, coordination between economic and social policies, and the creation and maintenance of a stable enabling environment for such formulations. Public administration contributes to all these activities, and therefore, its role in the context of economic development was examined in the areas of: (a) policy planning and management; (b) legal and institutional frameworks; (c) civil service reform and training; and, (d) resource mobilization and public expenditure management.. While the substance of policies and programmes needs to be understood in these four areas, the focus of the conference was on institutional frameworks and policy development, mechanisms and processes, and capacities, skills and orientation of public servants.

7. In welcoming the participants to the Conference, Chairman Corazon Alma G. De Leon of the Philippine Civil Service Commission said that public administration is vital to accelerating, maintaining and spreading the fruits of economic growth. However, she also stressed that the role of public administration in promoting economic development in Asia cannot be defined simply by reiterating the accepted norms and standards of what constitutes public administration. She encouraged the participants to continue the process of defining and redefining public administration based on the conditions and harsh realities in Asian countries, as well as on the interdependencies of these countries. She cited strong civil service as the common factor largely contributing to the so-called economic miracles of Asia.

POLICY PLANNING AND MANAGEMENT

8. Policy reforms must be desirable, feasible and credible. These call for sensitivity to cultural characteristics, dialogue with stakeholders, and involvement of non-governmental organizations and the private sector. There is also the need to establish/create institutions which will oversee the implementation of reforms such as a national commission for reform in the government or efficiency units in the President's or Prime Minister's office. Policies may be changed overnight but mind-sets cannot be changed that quickly. Hence, policy changes require gradual implementation, supported by capability building programs. Some policy changes take some time to succeed. For instance, privatization could succeed only after upgrading the capability of the private sector to manage public enterprises. Gradual approach to policy changes means that policy makers are clear about its implications and its timeframe and that some aspects of the policy reforms may have to be implemented in phases and only in some parts of the country.

9. Policy planning and development necessitates skills in policy formulation. There is a need to look at the reform process in its totality rather than in a fragmented way. This requires attention to the institutions involved, identification of the losers and the winners in the reform process, understanding of the political context, and ensuring that the critical stakeholders are properly informed. It is necessary to take into account the social and cultural background of reforming governments. They must be prioritized and sequenced realistically.

10. It is not sufficient to design reforms properly. It is also essential to manage and implement the reforms effectively and efficiently. Change must be viewed as part of the continuous process of improvement. Governments must be flexible enough to incorporate the lessons of learning by actual performance. Part of the difficulty in implementing and managing policy changes is the need to coordinate the institutions concerned. Political stability was also highlighted as a prerequisite to a successful implementation of policy changes in economic and social areas. It was added that budgetary reforms should be undertaken so that budgetary process can ensure efficient allocation of resources needed to effect the policy changes. There was agreement that training of personnel concerned should take place before the implementation of policy changes and training should be in consonance with the policy changes. For instance, a shift from a centrally planned to a market economy would call for training programs on its philosophy, characteristics, practices and the forces that shape the market.

STRENGTHENING THE LEGAL AND INSTITUTIONAL FRAMEWORK

11. A study on experiences in Asian countries established a correlation between proper implementation of policy and attainment of desired results. As most countries have established a legal framework that governs the crafting of policies, success of these Asian countries highlights the "ability of their bureaucracies to translate policies into positive results."

12. The challenge for administrators is to find an appropriate framework for governance, given the shifting orientation from a control-driven approach to a mission-oriented exercise of authority, and the increasing emphasis on results rather than processes. Such framework would be the right mix of the two contrasting approaches, and may be guided by speedy completion of transaction or quick response time; ensuring public safety or well-being; or a combination of both. Further, the framework would depend on the degree of policy compliance expected, the efficiency of processes envisioned to bring about the desired results, and the possible gaps in implementation.

13. To develop the legal framework for public administration, the following challenges were identified:

i. *Review the legal frameworks*. Frameworks must be reviewed to identify which laws are still useful, beneficial, and which are no longer needed or are unenforceable. An example is the recent attempt by Malaysia to review relevant laws, rules and regulations in anticipation of the changing world economy.

ii. *Supply sufficient information*. People must have sufficient information about their laws. Laws must be made in consultation with the people.

iii. *Shift the perspective*. The legal framework must be viewed not in its punitive sense, but as a tool for development and as part of public administration. This is the thrust, for example, behind UNDP's program on Judicial and Legal Reform.

iv. *Look into the economic aspects of law or the relationship between law and economics*. There is a need to relate economic concepts with law-making and to take into consideration the trade-off between the purely legal and the developmental aspects of law. An ability to

factor in the economic cost of the law should be part of the skills that must be developed among government officials.

14. In the discussion of the legal framework for public administration, the link between politics and administration was also noted. Civil servants are exposed to a great deal of political influence as they implement policy. To protect the civil servants, several policies may be considered: (1) constitutional protection should be given to public administrators/civil servants in the performance of their jobs; (2) at a minimum, civil servants must be provided with security of tenure, but with public accountability; (3) beyond security of tenure, civil servants must be provided with a clear career path, access to training, promotion based on merit, and authority based on rules; (4) there must be objective and transparent rules and regulations which policy implementors could use as a shield against excessive influence by politicians; (5) implementors must be clothed with sufficient power and authority to bring the project to completion, to review it when progress is not desirable, or to stop it when outcomes are unmet.

CIVIL SERVICE REFORM AND TRAINING

15. A "new governance" paradigm can be used to explain contemporary administrative or bureaucratic reforms. This perspective has four main guiding principles.

i. The first principle advocates for a smaller government redefining its role due to a shift toward globalization, privatization, and decentralization.

ii. The second principle calls for a government bureaucracy with a global vision and flexible organizations.

iii. The third principle calls for a government that is highly accountable to citizens and elected politicians.

iv. The fourth principle calls for a government that is credible and fair. While the criterion of fairness is contentious, in the sense that an administrative reform program or policy may be beneficial to some and disadvantageous to others, the salience of the issue of who benefits from government reforms is central to the "new governance" paradigm.

v. The new governance paradigm may mean major changes in the organization culture and practices of the bureaucracy. This paradigm will also have to cope with or overwhelm the potential resistance of government bureaucrats to the tenets of new governance wherein they may have to lose certain amounts of power and discretion, to be transparent in their decisions and actions and to be accountable to the citizens and the political leaders, etc.

16. This calls for the reorientation of public servants so that they would have a bureaucratic mentality that supports the principles of a government that does less, a global vision and flexible organizations, greater accountability and a fair government. Training programs in government must be aimed at introducing the guiding principles of the new governance paradigm.

17. From the perspective of good governance, administrative reforms are desirable, but it was noted that undue focus on them might lead to optical illusions--to a blurring of their links to

economic development or to demand for public services. As the participants acknowledged, the matter of size or numbers is relative--it should be related to the need and demands of the public and must take into account the distribution and competence of personnel. Reforms are not ends but means, a forward strategy to prepare the countries for the demands of the coming decade.

RESOURCE MOBILIZATION AND PUBLIC EXPENDITURE MANAGEMENT

18. Public expenditure is significant for several reasons. The high proportions of public expenditure to national economy, with a global average of 30% of overall GDP, have implications on the overall resource efficiency and national economic growth.

19. Certain major trends affecting public expenditure management today were observed.

i. Down-sizing through drastic reductions in public expenditure is the current imperative in many countries, with the cuts focused on both personnel and non-personnel expenditures.
ii. Despite "widespread aid fatigue," foreign aid continues to be a major feature of public budget in many countries. Some countries have established central aid management information systems to organize, coordinate and monitor aid-related activities and information. Where host countries lack reliable accounting and internal control systems, donors may need to include administrative capacity-building into their aid agreements.

iii. Budget rationalization, where planning, public investment programming, budget formulation and budget implementation are linked together, is weak or non-existent in developing countries.

v. Hard budgets, corporatization and privatization of commercial parastatals are the options resorted to by governments in developing countries to assist or bail-out state-owned enterprises (SOEs) that have run into fiscal deficits and caused inflation and balance of payments deficits.

vi. The experience of many countries that have resorted to contracting out the provision of services such as collection of solid waste, street lighting and cleaning, etc. shows that a better service is obtained at a lower cost to government. An essential precondition for contracting out is that there must be a sufficient number of independent contractors so that the full benefits of competition are realized.

vii. There is growing concern for results-oriented financial management systems that emphasize productivity and efficiency of public expenditures, where expenditures can be related to results so that efficiency can be measured. Such a resource management system requires appropriate full resource cost data for comparison. This requirement is itself a limitation of many countries that are used to keeping their accounts on cash basis.

viii. Rapid developments in computer hardware and software have made computerization not only viable but essential for government budgetary accounting and auditing operations. The introduction of computers, in many cases, has led to a re-examination of administrative procedures and decision-making processes leading to reforms.

ix. The successful and new expenditure management system hinges on the availability of personnel who possess the appropriate knowledge, skills and attitude to use these systems. In-service training that is meant to address these concerns should be linked with service and promotion so that these dovetail with career progression and equip officers to handle their responsibilities.

20. The High Performing Asian Economies (HPAEs) such as Japan, Korea, Singapore and Taiwan have achieved exceptionally high rates of growth for the past 20-30 years and rapid development of human resources. The study of the Asian Development Bank on financing the human resources development in these countries indicate some striking similarities in their public expenditure policies. These are fiscal prudence which involves restricting their public expenditure ratios to 20%-30% of GDP, appropriate allocation of public expenditure which emphasizes efficiency and equity and reliance on the private sector to finance social services such as health and education. Public expenditure in the HPAEs have been targeted to those activities which yield the highest social returns. In comparison with the OECD and developing countries, the HPAEs have much higher allocation for social services, particularly on services with the largest social benefits such as primary education and preventive health care.

21. Various schemes are being explored by governments to improve efficiency, accountability and reduce public expenditure. These include civil service reform, privatization of state-owned enterprises (SOEs), decentralization, etc. One such scheme is the use of the Build-Operate-Transfer as another system which however should be exercised with caution. BOT requires capability and skills among government personnel to negotiate with private sector investors and assess BOT project risks and performance guarantees that go with it, and in general, knowledge and capabilities in all aspects of privatization.

22. Participation of the private sector in service delivery, while may be actively sought, is not the solution to government's fiscal problems. In the health sector where standards are essential, the regulatory role of government has to be stressed in setting and monitoring quality of services and prices.

23. In public expenditure management, reduction in the budget or downsizing the bureaucracy is not necessarily the solution. On the other hand, strengthening the revenue side or increasing the government receipts is an alternative that merits attention. In Cambodia, the IMF has prescribed the downsizing of public bureaucracy but the national government believes that public expenditure management should be approached from the viewpoint of increasing receipts and not downsizing the bureaucracy. In Pakistan, downsizing has generated little savings.

RECOMMENDATIONS

24. It is recommended that in order to assist Governments in improving public management and finance systems, information on emerging issues, trends and best practices must be gathered, analyzed and disseminated to all Governments. In this regard, the participants adopted in particular the following:

i. to support the recommendation of the Secretary-General of the United Nations in his report to the General Assembly to enhance the clearing-house function of the UN programme in public

administration and development and act as the central depository for materials, reports and non-print media on public administration and development world-wide.

ii. to provide greater publication and dissemination of the new governance paradigm presented and discussed at this Conference.

iii. to request the United Nations to mobilize its resources and services to help countries adopt good governance by creating pools of experts to extend such services.

iv. to request the United Nations to undertake a review/survey of best practices of legal frameworks for public administration.

v. to request the United Nations to undertake a review/survey of civil service reforms in the region and the related training programs with a view to developing similar training programmes in other countries requiring them.

25. It is recommended that Governments as well as bilateral donors and multilateral institutions give highest priority to enhance the indigenous capacity in the public and the private sectors to facilitate the formulation, implementation and management of policy reforms.

i. to request the United Nations and the Asian Development Bank to institutionalize training, seminars and programs on good governance.

ii. to support the recommendation of the Secretary-General that national government leaders invest in its people and conduct training in economic management, people-centred development and public policy analysis with the support of the United Nations.

26. Recognizing that countries could learn from each other's experiences in the areas of good governance and institution building and as a manifestation of Asian unity and cooperation, it is recommended that assistance be provided to countries in the region which are emerging from crises and conflict.

i. to request and encourage countries with illustrative cases of successful governance to become hosts to other countries interested in learning their application;

ii. to provide a framework for more successful countries to come to those countries in need of assistance, so that in the process, official interaction could be facilitated among their respective leaders;

27. It is recommended that bilateral donors and multilateral institutions such as the United Nations and the Asian Development Bank provide the lead in developing and implementing programmes of good governance.

i. to request the United Nations to assist in particular in the provision of information and training on such aspects as build-operate-transfer schemes; in the establishment of training institutions or improvement of existing institutions dealing with governance; in the provision of information; and to hasten the setting up of a clearing house on management development, including best practices, which can be accessed by member countries on a regular basis.

ii. to support the recommendation of the Secretary General for the donor community to recognize the role and significance of public administration in development and provide adequate resources in their programmes of assistance for improving public administration in developing countries and countries with economies in transition.

28. It is recommended that policy-makers with the support of the international community should make all efforts to involve all sectors of the country particularly, NGOs and the private sector in formulating, implementing and managing policy changes.

29. It is recommended that particular attention for technical assistance in the area of public administration, good governance and in the re-establishment of government and in the implementation of market-oriented reforms be given to countries in transition in the region.